

**FY 1999-2000
Budget Detail
for**

ALL OTHER

**Capital Outlay
Judiciary
Transportation**

CAPITAL OUTLAY

PUBLIC ACT 137 OF 1999

Analyst: Al Valenzio

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	0.0	0.0		
GROSS	\$727,143,808	\$252,636,900	n/a	n/a
IDG/IDT	4,500,000	0		
ADJUSTED GROSS	\$722,643,808	\$252,636,900	n/a	n/a
FEDERAL	73,840,600	1,700,000		
LOCAL	23,129,000	0		
PRIVATE	680,000	0		
OTHER	104,639,208	4,820,000		
GF/GP	\$520,355,000	\$246,116,900	n/a	n/a

NOTE: Year-to-year comparisons are not applicable due to incomplete FY 1999-2000 appropriations.

HB 4075

Referred to Appropriations
1/28/99

Passed House
6/8/99

Passed Senate
6/16/99

Concur with Senate
Amendments
6/17/99

Effective
7/28/99

OVERVIEW - CAPITAL OUTLAY

The Capital Outlay budget and process can be defined as the “budgetary and administrative functions devoted to the financing and planning for the acquisition, construction, renovation, and maintenance of facilities used by a state agency, public university, or community college.” Within the framework of the planning process, it is essential that the executive and legislative branches work cooperatively in order to achieve the timely completion of a building project. Even so, statutory provisions contain numerous oversight and approval action steps which define the respective roles of each branch in the capital outlay process.

The Legislature has, again this year, deferred action on most of the items in this budget until the fall session. Only the funding for State Building Authority Rent has been appropriated for FY 1999-2000. Appropriations for the Departments of Management and Budget, Military Affairs, Natural Resources, and Transportation, and university and community college planning authorizations will be discussed and acted upon this fall. Additional rent obligations to the State Building Authority for facilities that have come on-line in 1999, or will in 2000, result in a GF/GP increase of nearly \$20.5 million. This represents an increase of 9.1% over the prior year.

Numerous FY 1998-99 supplemental Capital Outlay appropriations were contained in Senate Bill 68, House Bill 4065, and House Bill 4075. All of these bills have been enacted. The combined appropriations total \$322.3 million Gross and \$272.1 million GF/GP. On a percentage basis, the supplementals add 80% and 110%, respectively, to current-year appropriations. These funds will be used to improve state-owned, higher educational, cultural, and recreational facilities (these items are highlighted further in this section). Also, the vast majority of the supplemental funds are considered one-time state commitments.

MAJOR BUDGET CHANGES: FY 1999-2000

<u>Budget Issue</u>	<u>Change from FY 1998-99</u>	
1. State Building Authority (SBA) Rent	Gross	\$20,482,700
Rent payments to the SBA in order to finance SBA debt obligations will increase again next year as new (or renovated) facilities come on line. The Gross increase represents a 8.8% change from FY 1998-99. The GF/GP increase is 9.1%. Specific FY 1999-2000 appropriations are as follows:	GF/GP	\$20,482,700
-SBA Rent - Universities.....		\$108,030,400
-SBA Rent - Corrections.....		96,435,600
-SBA Rent - State Agencies.....		33,629,500
-SBA Rent - Community Colleges.....		<u>14,541,400</u>
Total.....		\$252,636,900

Capital outlay

ECONOMICS: FY 1999-2000

None

MAJOR BOILERPLATE CHANGES: FY 1999-2000

None

VETOES: FY 1999-2000

None

REVENUE INCREASES: FY 1999-2000

None

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

1. Convention Center Grants for Development/Expansion	Gross	\$62,000,000
Of this appropriation, \$60 million is dedicated for the expansion of the Grand Rapids Convention Center. Language in the Budget Act stipulates that the funds can only be released to a convention center authority created by state law.	GF/GP	\$62,000,000
2. Major Special Maintenance for State Agencies	Gross	\$75,000,000
This is a new lump sum appropriation managed by the Department of Management and Budget (DMB), but available for all state departments and agencies. Five-year special maintenance plans are to be developed and submitted to DMB for review and allotment of funds.	GF/GP	\$75,000,000
3. Detroit Institute of Arts (DIA)	Gross	\$35,000,000
The DIA is in the midst of a major fund raising campaign to upgrade and modernize its facilities. A significant state commitment is being provided through this appropriation, which must be matched by the DIA on a 2 for 1 basis.	GF/GP	\$35,000,000
4. House of Representatives, Equipment and Furnishings	Gross	\$10,000,000
This appropriation will finance the purchase of new equipment and furnishings for the House Office Building currently under construction.	GF/GP	\$10,000,000
5. Detroit Symphony Orchestra (DSO)	Gross	\$10,000,000
Provide one-time grant to the DSO to help finance facility renovations.	GF/GP	\$10,000,000
6. Henry Ford Museum	Gross	\$5,000,000
Provide one-time grant to the Museum to help finance the IMAX theater project.	GF/GP	\$5,000,000

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

7. Detroit Science Center (DSC) Provide one-time grant to the DSC to help finance facility renovations.	Gross GF/GP	\$5,000,000 \$5,000,000
8. Windmill Island Provide one-time grant to help finance the Windmill Island Village Project.	Gross GF/GP	\$4,000,000 \$4,000,000
9. Higher Education - ITEM Funds are provided to universities, community colleges, and for the general degree reimbursement program for Infrastructure, Technology, Equipment, and Maintenance.	Gross GF/GP	\$35,500,000 \$35,500,000
10. Major Special Maintenance, Management and Budget This line item provides additional special maintenance and remodeling funds for DMB. These projects would include major items (above \$1 million) such as HVAC system replacements, installation of new sprinkler systems, general building repairs, and emergency repairs at facilities managed by the department.	Gross GF/GP	\$8,900,000 \$8,900,000
11. Major Special Maintenance, Various Departments This would establish or increase lump-sum major special maintenance and remodeling accounts for the Departments of Agriculture, Community Health, Corrections, Education, Natural Resources, and State Police, the Family Independence Agency, and the Capitol Building.	Gross GF/GP	\$9,298,000 \$9,068,000
12. Airport Improvement Program - Michigan Department of Transportation (MDOT) This appropriation doubles state GF/GP support for local airport improvement projects.	Gross GF/GP	\$5,000,000 \$5,000,000
13. Major Special Maintenance, Mackinac Island State Park This provides second-phase funding to repair and replace the stone wall at Fort Mackinac. Additional funds are being recommended under the Governor's FY 1999-2000 budget as well.	Gross GF/GP	\$2,000,000 \$2,000,000
14. Museum of African - American History Provide one-time grant to the Museum to help finance facility renovations.	Gross GF/GP	\$1,000,000 \$1,000,000
15. Fresh Water Research Center - Grand Valley State University Provide one-time grant to help finance facility renovations.	Gross GF/GP	\$1,000,000 \$1,000,000
16. House of Representatives, Demolition of Roosevelt Building Provides funds to tear down this House facility and get the property ready for disposition after Representatives and staff move to new leased facility.	Gross GF/GP	\$500,000 \$500,000
17. Major Special Maintenance, Senate Provides funds for maintenance projects at the Farnum Building.	Gross GF/GP	\$500,000 \$500,000
18. Military Affairs, Land Acquisitions and Appraisals Provides lump-sum contingency account to purchase property as it becomes available and for appraising surplus departmental properties which may be sold. An equal appropriation is also recommended for FY 1999-2000.	Gross GF/GP	\$150,000 \$0

Capital outlay

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

19. Natural Resources Trust Fund	Gross	\$13,836,108
Provides second round of funding for land acquisitions and public facility development grants as recommended by the Natural Resources Trust Fund Board.	GF/GP	\$0
20. Natural Resources, State Parks Infrastructure	Gross	\$31,480,000
Provides Clean Michigan Initiative funding for upgrading state parks.	GF/GP	\$0
21. Natural Resources, Farmland and Open Space Development	Gross	\$5,556,600
Provides additional funds to purchase development rights of unique and critical farmland pursuant to statute.	GF/GP	\$0
22. Natural Resources, Island Lake Shooting Range	Gross	\$0
Funding shift from federal funds to state GF/GP and restricted.	GF/GP	\$1,000,000
23. Special Grants	Gross	\$825,000
One-time grants to help facility renovations at the Marquette Library/Museum, Artrain, and Frankenmuth Military and Space Museum.	GF/GP	\$825,000
24. Monroe Community College (MCC) Project	Gross	\$100
This provides cost and construction authorizations for MCC's \$2.5 million project entitled Business and Technical Center, Library, and Welding and Fastening. The College will finance 50% of the cost of this project with the State Building Authority financing the balance.	GF/GP	\$100

JUDICIARY

PUBLIC ACT 126 OF 1999

Analyst: Tim Aben

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	602.0	583.0	(19.0)	(3.2)
GROSS	\$221,188,200	\$226,622,000	\$5,433,800	2.5
IDG/IDT	3,571,400	2,287,400	(1,284,000)	(36.0)
ADJUSTED GROSS	\$217,616,800	\$224,334,600	\$6,717,800	3.1
FEDERAL	1,294,500	3,077,800	1,783,300	137.8
LOCAL	1,946,500	2,496,600	550,100	28.3
PRIVATE	1,217,600	1,702,400	484,800	39.8
OTHER	56,058,900	56,074,900	16,000	0.3
GF/GP	\$157,099,300	\$160,982,900	\$3,883,600	2.5

SB 368

Referred to Appropriations
2/23/99

Passed Senate
3/24/99

Passed House
5/25/99

2nd Conference
Approved by Senate
6/16/99

2nd Conference
Approved by House
6/17/99

Effective
7/23/99

OVERVIEW - JUDICIARY

The FY 1999-2000 enrolled budget for the Judiciary reflects a total increase of \$5,533,800 Gross (or 2.5%) and an increase of \$3,883,600 (or 2.5%) GF/GP from FY 1998-99 year-to-date authorized.

Additional spending includes the Supreme Court Justices' pay increase of 12.5% from the State Officers' Compensation Commission, court reform adjustments, economics, and an increase in judges' defined contribution retirement. Savings of \$1,000,000 are a result of a GF/GP purpose reduction for the State Appellate Defender Office.

MAJOR BUDGET CHANGES: FY 1999-2000

<u>Budget Issue</u>	<u>Change from FY 1998-99</u>	
1. State Officers Compensation Commission (S.O.C.C.) The FY 1998-99 budget for the Judiciary includes an increase of \$5,700,000 in justices' and judges' salaries. The recommendation is a result of increasing the Supreme Court Justices' salaries 8.0% for FY 1998-99 (to \$134,752) and 4.5% for FY 1999-2000 (\$140,816). Increasing the Justices' salaries results in increasing salaries of the judges from the Court of Appeals (92% of Justices' salary level), Circuit and Probate Court (85% of Justices' salary level), and District Court (84% of Justices' salary level). The 1998 salary for a Supreme Court Justice was \$124,770.	FTEs	0.0
	Gross	\$5,696,100
	GF/GP	\$5,696,100
2. General Fund Offset for Judges' Salaries The Judiciary budget includes a GF/GP for judges' salaries as a result of reducing the amount of revenue from the state court fee fund.	FTEs	0.0
	Gross	\$0
	GF/GP	\$318,400
3. Court Equity Fund and Hold Harmless Funds Pursuant to Public Act 374 of 1996, the Hold Harmless Fund is reduced by \$4,000,000 GF/GP and the Court Equity Fund is increased by an equal amount.	FTEs	0.0
	Gross	\$0
	GF/GP	\$0
4. State Appellate Defender Office (SADO) Reduction A reduction of \$1,000,000 to the Appellate Defender program line item is included in the FY 1999-2000 budget.	FTEs	0.0
	Gross	(\$1,000,000)
	GF/GP	(\$1,000,000)
5. State Appellate Defender Office (SADO) Increase A separate line for the Appellate Defender Office is included in the enrolled bill with an appropriation of \$508,000.	FTEs	0.0
	Gross	\$508,300
	GF/GP	\$508,300
6. Community Dispute Resolution Program General fund/general purpose revenue has been added to the current restricted revenue in order to provide each community dispute center with an operating base of \$15,000.	FTEs	0.0
	Gross	\$72,000
	GF/GP	\$72,000

ECONOMICS AND RETIREMENT: FY 1999-2000

1. Economic Adjustments	FTEs	0.0
These adjustments reflect the cost of living allowance recommended for all other departments and agencies statewide. Included in the economics is a 3% increase for salaries and wages.	Gross	\$2,092,300
	GF/GP	\$2,249,800
2. Judges' Retirement System - Defined Contribution	FTEs	0.0
An increase of \$2,204,900 is included for judges participating in the defined contribution plan.	Gross	\$2,204,900
	GF/GP	\$2,204,900

MAJOR BOILERPLATE CHANGES: FY 1999-2000

- 1. Contingency Funds**
Sec. 206 provides for \$500,000 in federal contingency funds, \$500,000 in state restricted contingency funds, and \$100,000 each in private and local contingency funds. Further, it requires transfer approval of both the House and Senate Appropriations Committees in order to spend the additional revenues.
- 2. Required Reports**
Sec. 209 provides that all reports required by this act be made available to the public primarily through Internet access, unless a printed version is requested. All legislative offices will receive electronic notification for specific reports required by the Legislature.
- 3. Community Dispute Resolution Program (CDRP)**
Sec. 315 provides that the \$72,000 GF/GP appropriations for CDRP be used to supplement operations of each CDRP center to ensure at least a \$15,000 base.
- 4. State Appellate Defender Office Audit**
The Legislative Auditor General shall perform an audit to ensure program effectiveness, efficiencies, and compliance with state law.

VETOES: FY 1999-2000

State Appellate Defender Office (SADO) Increase	FTEs	0.0
A separate line for the Appellate Defender Office is included in the enrolled bill with an appropriation of \$508,000.	Gross	\$508,300
	GF/GP	\$508,300

REVENUE INCREASES: FY 1999-2000

None

Judiciary

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

1. State Officers Compensation Commission Recommendation	FTEs	0.0
Effective January 1, 1998, the Supreme Court Justice salaries are increased 8% from \$124,770 to \$134,752. Increasing the Justices' salaries results in increasing salaries of the judges from the Court of Appeals (92% of Justices' salary level), Circuit and Probate Court (85% of Justices' salary level) and District Court (84% of Justices' salary level). Since the salary increases are provided on a calendar year, the recommended increase reflects the amount necessary for the period January 1, 1999 through September 30, 1999. (SB 68)	Gross	\$2,366,400
	GF/GP	\$2,366,400
2. Judges' Retirement - Defined Contribution	FTEs	0.0
This supplemental provides the Judicial branch's required contribution for the judges' defined contribution retirement program. (SB 68)	Gross	\$1,500,000
	GF/GP	\$1,500,000
3. Drug Courts	FTEs	0.0
This supplemental provides new GF/GP for the drug courts previously funded from federal dollars that have been eliminated for FY 1999-2000. (HB 4075)	Gross	\$1,000,000
	GF/GP	\$1,000,000

TRANSPORTATION PUBLIC ACT 136 OF 1999

Analyst: William E. Hamilton

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	3,182.3	3,182.3	0.0	0.0
GROSS	\$2,795,294,400	\$2,808,545,700	\$13,251,300	0.5
IDG/IDT	\$29,357,500	\$10,459,500	(\$18,898,000)	(64.4)
ADJUSTED GROSS	\$2,765,936,900	\$2,798,086,200	\$32,149,300	1.2
FEDERAL	\$834,317,800	\$815,921,000	(\$18,396,800)	(2.2)
LOCAL	\$5,300,000	\$5,300,000	\$0	0.0
PRIVATE	\$0	\$0	\$0	0.0
OTHER	\$1,926,319,100	\$1,976,865,200	\$50,546,100	2.6
GF/GP	\$0	\$0	\$0	0.0

SB 372

Referred to Appropriations
2/23/99

Passed Senate
3/25/99

Passed House
5/26/99

Conference Approved
by Senate
6/16/99

Conference Approved
by House
6/17/99

Effective
7/27/99

OVERVIEW - TRANSPORTATION

The mission of the Michigan Department of Transportation (MDOT) is “providing the highest quality transportation for economic benefit and improved quality of life.” Article IX, Section 9 of the Michigan Constitution of 1963, and 1951 PA 51, establish and define MDOT’s organization, major programs, revenue sources, and funding allocations.

The enacted FY 1999-2000 Transportation budget authorizes gross appropriations of \$2,809 million — an increase of \$13.3 million or 0.5% from the current FY 1998-99 budget. The enacted budget is funded by \$1,977 million in state restricted revenue — primarily from motor fuel taxes and vehicle registration fees; \$816 million in federal funds authorized through the Transportation Equity Act for the 21st Century (TEA-21); and \$5.3 million in local funds. This distribution of state, federal, and local funds, — 71%, 29%, and less than 1%, respectively — is approximately the same as in FY 1998-99. The total of 3,186.3 FTE positions authorized in the enacted budget is unchanged from the current year.

Road and bridge construction and maintenance programs, including the Michigan Transportation Fund (MTF) distribution to county road commissions and cities and villages, represent \$2,531 million or 90% of the FY 1999-2000 budget. Public transportation programs represent \$258 million or 9%, and aeronautics programs \$9 million or less than 1% of the enacted budget. The distribution of funds between these three program categories is relatively unchanged from the current fiscal year.

Approximately 47% of FY 1999-2000 Transportation appropriations are made to local units of government (county road commissions, incorporated cities and villages, and public transit agencies). This percentage includes the appropriation of federal funds for local units. This distribution of funds, 53% to state programs and 47% to local units of government, is also approximately the same as in the current fiscal year.

Although the total enacted FY 1999-2000 Transportation budget is relatively unchanged from the current fiscal year, there are significant changes within some programs. The enacted budget includes increases in the MTF formula distribution to local road agencies (county road commissions and incorporated cities and villages) as a result of anticipated increases MTF revenues.

Authorized funding for state trunkline road and bridge construction is reduced under the enacted budget while the appropriation for state trunkline maintenance is increased for FY 1999-2000 from current-year funding.

The enacted FY 1999-2000 Transportation budget also reduces the appropriation for the statutory “Local bus operating” line item by \$10.4 million or 6.7% from current-year appropriations. The decrease is primarily due to a reduction in the Comprehensive Transportation Fund (CTF) fund balance. The enacted budget also adds a new \$6 million “Local bus operating: unreserved CTF fund balance” line item. New boilerplate Section 729 indicates that this new line item may be expended only if the Department, the House and Senate fiscal agencies, and the Department of Management and Budget conclude that there is sufficient funding in the CTF to support the appropriation.

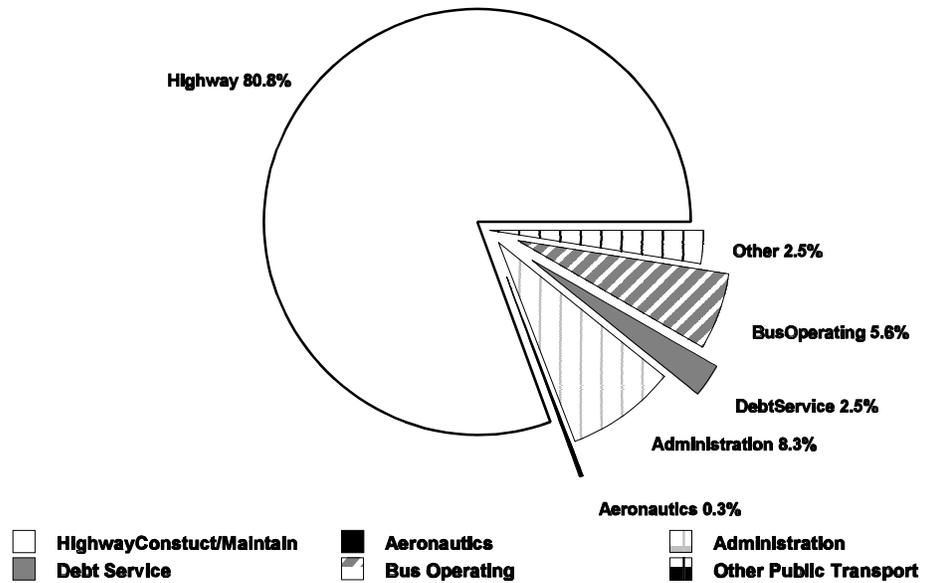
The changes to Transportation programs in the FY 1999-2000 enacted budget are described further in the “Major Budget Changes” section of this document.

The following charts depict FY 1999-2000 adjusted gross appropriations and estimated revenues by source.

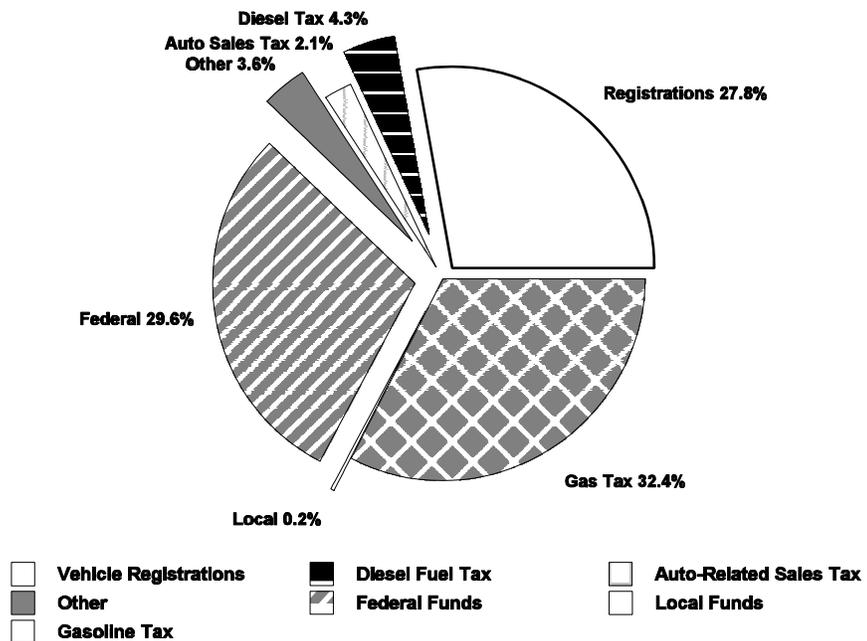
ADMINISTRATION
 includes MDOT executive, administrative services, finance, planning, Bureau of Highway's engineering operations, maintenance operations, program services, UPTRAN administration, and grants (IDGs) to other departments.

HIGHWAY CONSTRUCTION AND MAINTENANCE
 includes state highway construction, state highway maintenance, and state and federal funds appropriated for local road agencies (county road commissions, cities and villages).

Transportation Adjusted Gross Appropriations FY 1999-2000



Transportation Funding Sources: FY 1999-2000



Transportation

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

Change from FY 1998-99

1. Michigan Transportation Fund to Local Road Agencies

Public Act 51 of 1951 provides for the formula distribution of funds from the Michigan Transportation Fund (MTF) to eligible local road agencies (county road commissions, and incorporated cities and villages). Under the enacted budget, the MTF distribution to these local road agencies would total \$869.6 million — \$558.3 million for county road commissions, and \$311.3 million for incorporated cities and villages. This represents a total increase of \$37.7 million in the MTF distribution to local road agencies — a 4.5% increase from the current fiscal year. This proposed increase is based primarily on anticipated increases in motor fuel taxes and vehicle registration fees.

FTEs	0.0
Gross	\$ 37,740,400
GF/GP	\$0

The PA 51 of 1951 formula also provides for the distribution of MTF funds to the State Transportation Fund (STF) for state road and bridge programs. The MTF distribution to the STF would also increase under the enacted budget as noted in Budget Issue number 2 below.

2. State Trunkline Road and Bridge Construction

The enacted budget authorizes \$890.6 million for the state trunkline road and bridge construction line item — a decrease of \$24.1 million or 2.6% from the current-year budget. This decrease is due to a number of adjustments from FY 1998-99: reallocation of \$15.8 million in federal aid from state trunkline construction to the local road and bridge line; reallocation of an additional \$5.8 million in federal funds to Planning, Highways, and Administrative Services; completion of a \$10 million redecking of the Blue Water Bridge; reallocation of \$9.2 million in State Trunkline Fund (STF) appropriations to state highway maintenance, and the Governor's veto of \$5.6 million in special projects earmarked in boilerplate. These reductions are partially offset by an anticipated \$24.4 million increase in the MTF distribution to the STF as a result of an anticipated increase in MTF revenue.

FTEs	0.0
Gross	(\$24,089,000)
GF/GP	\$0

3. Debt Service

As a result of MDOT's 1998 bond refinancing and restructuring, debt service payments are reduced by \$15.7 million to \$69 million.

FTEs	0.0
Gross	(\$15,650,600)
GF/GP	\$0

4. Highway Maintenance

The enacted budget authorizes \$228.9 million for MDOT's state trunkline highway maintenance program — an increase of \$13.8 million or 6.4% from the current fiscal year. The increased funding is primarily due to the reallocation of \$9.2 in STF funds from the state road and bridge construction program to maintenance. Of the \$9.2 million, \$4.2 million was requested for the maintenance of additional mileage, added to the state trunkline system in 1998, and the remaining \$5 million was requested for summer maintenance activities which had been deferred in prior years. The enacted budget also proposes the following program revisions: \$2.7 million to replace maintenance equipment in MDOT's vehicle fleet, \$1.3 million for contracted maintenance of the Michigan Intelligent Highway Systems (MITS) on Detroit-area expressways, and \$900,000 to upgrade roadside buildings.

FTEs	0.0
Gross	\$13,792,700
GF/GP	\$0

MAJOR BUDGET CHANGES: FY 1999-2000

<u>Budget Issue</u>	<u>Change from FY 1998-99</u>
<p>5. Local Bus Operating Assistance The enacted budget authorizes \$144.5 million for the statutory local bus operating line item — a \$10.4 million or 6.7% reduction from current-year appropriations. The decrease is primarily due to a reduction in the amount of CTF balance available for appropriation. The FY 1998-99 enacted budget appropriated \$17.7 million from the CTF fund balance. The FY 1999-2000 enacted budget appropriates only \$6 million from the CTF balance — the total the Department estimates as available for appropriation. The enacted budget also includes a new line item: “Local bus operating: unreserved CTF fund balance.” See Budget item number 8 below.</p>	<p>FTEs 0.0 Gross (\$10,374,900) GF/GP \$0</p>
<p>6. Blue Water Bridge Deck Replacement The FY 1998-99 budget included a \$10 million one-time appropriation from the Blue Water Bridge Fund for deck replacement on the original span of the Blue Water Bridge. Completion of this project allows for elimination of this item from the FY 1999-2000 state trunkline road and bridge line item.</p>	<p>FTEs 0.0 Gross (\$10,000,000) GF/GP \$0</p>
<p>7. Information Technology Funding The enacted budget appropriates an additional \$7.0 million to the Administrative Services line item for use in updating and improving MDOT’s information technology infrastructure. Of this increase, \$4 million would be for the development of a new project accounting and billing system. This project would be funded by \$3 million from the STF and \$1 million in federal funds reallocated from the state trunkline road and bridge program. The remaining \$3 million in increased appropriations would be funded from the STF to maintain and update the Department’s information technology infrastructure.</p>	<p>FTEs 0.0 Gross \$7,000,000 GF/GP \$0</p>
<p>8. Local Bus Operating: Unreserved CTF Balance In addition to the statutory “Local bus operating” line item noted as Budget issue number 6 above, the enacted budget includes a new “Local bus operating: unreserved CTF fund balance” line item at \$6 million. The intent of this line, as defined in new boilerplate section 729, is to provide additional funding support for local bus operating should the Department, the House and Senate fiscal agencies, and the Department of Management and Budget determine that there is sufficient funding available in the CTF to support the appropriation. Note that the \$6 million in CTF fund balance on which this line item is based would be in addition to \$6 million already appropriated from the CTF fund balance as part of the enacted budget.</p>	<p>FTEs 0.0 Gross \$6,000,000 GF/GP \$0</p>
<p>9. Transportation Economic Development Fund The appropriation for the Transportation Economic Development Fund (TEDF) programs increased by \$4.2 million in the enacted budget. This increase was funded from debt service savings as a result of the 1998 refinancing and restructuring of TEDF bonds.</p>	<p>FTEs 0.0 Gross \$4,225,800 GF/GP \$0</p>

Transportation

MAJOR BUDGET CHANGES: FY 1999-2000

<u>Budget Issue</u>	<u>Change from FY 1998-99</u>	
10. Urban Economic Infrastructure Improvement The enacted budget eliminates this line item which was new in the FY 1998-99 budget.	FTEs	0.0
	Gross	(\$4,000,000)
	GF/GP	\$0
11. Rail Passenger Service The FY 1999-2000 enacted budget includes an increase of \$2.1 million in state CTF funds for this line item which provides a subsidy to AMTRAK for the Pere Marquette and International routes and which also funds the development of high-speed rail passenger service on the Detroit-Chicago rail corridor. The proposed increase would bring the rail passenger line item to \$8.8 million — an increase of 32% from the current year. This line item is funded with \$5.8 million from the CTF and \$3 million in Federal Railroad Administration funds.	FTEs	0.0
	Gross	\$2,137,800
	GF/GP	\$0
12. AAA Intersection Improvement Program The enacted budget added this new line item to be used for matching AAA and local funds for the improvement of intersections at high accident locations. This program was previously recognized in a boilerplate section of the FY 1998-99 appropriations act (1998 PA 308), which provided for program funding from the urban county congestion line item of the Transportation Economic Development Fund. The new line item funds the program from the STF.	FTEs	0.0
	Gross	\$2,000,000
	GF/GP	\$0
13. Aeronautics - Aircraft Purchase The FY 1996-97 enacted Transportation budget included an increase of \$682,000 from the prior year's budget for the purchase of two additional airplanes for the Bureau of Aeronautic's air fleet. The FY 1997-98 enacted budget included an additional increase of \$818,000 — a \$1.5 million increase from the FY1995-96 baseline — for the purchase of one additional airplane. The completion of these airplane purchases allowed for the reduction of \$1.5 million in State Aeronautics Funds from the 1999-2000 budget.	FTEs	0.0
	Gross	(\$1,500,000)
	GF/GP	\$0
14. Intradepartmental Grants (IDGs) The enacted budget includes an economic increase of \$1.5 million for IDGs to other state departments which provide services to the Department. This increase brings the total appropriation for IDGs to \$69.5 million — an increase of 2.2% from the current year.	FTEs	0.0
	Gross	\$1,496,700
	GF/GP	\$0

In addition, the enacted budget reflects a shift in funding source for some IDGs. The FY 1999-2000 budget increases IDG funding from the MTF by \$4.2 million, from \$56.0 million to \$60.2 million, and decreases IDG funding from the STF, CTF, and State Aeronautics Fund by \$2.6 million, \$118,700, and \$23,500 respectively.

MAJOR BUDGET CHANGES: FY 1999-2000

<u>Budget Issue</u>	<u>Change from FY 1998-99</u>	
<p>15. Airport Management Program The enacted budget added this new line item to fund a one-time appropriation from the State Aeronautics Fund for an airport management program. The program is a partnership between the Department and Western Michigan University for management of the Romeo airport in Macomb county. The university will manage the airport and will develop an academic internship program in airport management.</p>	FTEs Gross GF/GP	0.0 \$165,000 \$0
<p>16. State Transportation Commission (per diem payments) The enacted budget added this new line item to provide for per diem payments to the members of the State Transportation Commission. The enacted budget also added new boilerplate section 330 to define and limit these payments. A similar line item had been in the FY 1996-97 budget at \$60,000 but was not included in the FY 1997-98 or 1998-99 budgets.</p>	FTEs Gross GF/GP	0.0 \$7,200 \$0

ECONOMICS: FY 1999-2000

<p>Economic Adjustments The Legislature approved \$10.3 million in additional funding for salaries, fringe benefits, motor transport costs, worker's compensation, and building occupancy charges.</p>	FTEs Gross GF/GP	0.0 \$10,328,000 \$0
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MAJOR BOILERPLATE CHANGES: FY 1999-2000

- 1. Report on Highway Construction Contracts**
 Section 307 had previously required a listing of highway construction projects. This section was revised so that it now references the Department's rolling five-year plan. The report due date is February 1, 2000.
- 2. Contractor Performance**
 Section 309 requires the Department to "aggressively pursue compliance with contract specifications for construction and maintenance of state highways." This section was revised to require that contractors with unsatisfactory performance ratings be restricted from bidding through the Department's prequalification process.
- 3. Rail Grade Crossing Program**
 New section 329 was added to require a report by May 1, 2000 on the status of the rail grade crossing improvement program.
- 4. Commission per Diem**
 New section 330 was added to provide for per diem payments of \$100 per meeting for each of the six members of the State Transportation Commission, with an annual limit on total per diem payments of \$1,200 per member.
- 5. Pavement Demonstration Project**
 New section 333 requires the Department to conduct a one-mile pavement demonstration project in order to examine an alternative pavement design intended to increase pavement life by 40% with a no more than 15% increase in cost.

MAJOR BOILERPLATE CHANGES: FY 1999-2000

6. *WBE/MBE Program*

New section 334 requires the Department to continue its program to increase use of WBE and MBE contractors. The section requires a report to the Legislature by March 31, 2000.

7. *Logo Signs*

New section 335 provides for the placement of 30 logo signs at interchanges. The section also limits placement of logo signs near international airports.

8. *Motor Carrier Enforcement*

The Legislature added new section 337 to require a joint report from the Department and the Michigan State Police regarding cost-effective strategies for the motor carrier weight enforcement program. The report due date is April 1, 2000.

9. *Regional Planning Council Grants*

Section 404, which had required a report to the Legislature on regional planning grants, was modified to indicate the intent of the Legislature to require that the distribution of the grants be based on needs as supported by a work plan.

10. *All-Season Road Network*

New section 509 was added to require the Department, in conjunction with county road commissions, to prepare a report on the all-season road network. The due date for the report is May 1, 2000.

11. *MTF Funding for IDGs*

The Legislature added new section 510 which described legislative intent with regard to the phase out of IDGs from the MTF.

12. *Construction Warranties*

The Legislature modified current section 602 to "encourage" the Department to develop performance and road construction warranties and to require a report to the Legislature by September 30, 2000.

13. *Timber Truck Inspection Stations*

In the FY 1998-99 enacted budget section 605 earmarked \$40,000 from the Forest Roads line item of the Transportation Economic Development Fund for the establishment of two truck inspection stations. Section 603 in the FY 1999-2000 enacted budget earmarks an additional \$40,000 from the same fund source for two additional stations and requires that the Department report on the effectiveness of the program.

14. *Manufactured Pipe*

The Legislature modified the current-year language in section 606 related to inspection of and standards for manufactured pipe. The new language allows the use of either ASTM or AASHTO standards, and allows the use of the mandrel test 60 days after installation. The section requires that the Department report to the Legislature on the results of inspections.

15. *Priorities for 5-Year Plan*

New section 617 indicates legislative intent that the Department consider traffic congestion as a criteria in project selection.

16. *Rail Infrastructure Loan*

Section 710 provides for continuation of the rail infrastructure loan program as a restricted revolving fund. The Legislature added language to prohibit the Department from requiring collateral or personal guarantees to qualify for a loan under the program. The section also requires a report to the Legislature by May 1, 2000 on the status of loans issued under the program.

MAJOR BOILERPLATE CHANGES: FY 1999-2000

17. *DDOT/SMART Coordination*

Section 721 in the current-year budget expressed legislative intent with regard to DDOT/SMART coordination. The enacted FY 1999-2000 budget includes additional language, renumbered as section 717, to indicate the intent of the Legislature to reduce DDOT/SMART operating assistance to FY 1996-97 levels if coordination is not achieved by October 1, 1999.

18. *Intercity Bus Equipment Loan Program*

The Legislature added new section 722 to require that the Department charge no less than \$1,000 per year per bus for buses leased to intercity carriers under the Intercity Bus Equipment Loan program.

19. *Regional Service Coordination*

The Legislature added new section 724 to indicate legislative intent that local transit agencies provide an opportunity for private intercity carriers to bid on services funded through the regional transportation service program.

20. *Intercity Bus Equipment Loan Program*

New section 726 requires that the Department complete by December 31, 1999, a financial analysis of the intercity bus equipment loan program.

21. *Water Vehicle Operating Subsidy*

The Legislature added new section 727 to indicate legislative intent that the Department develop a plan to phase out local bus operating subsidies services provided by water vehicles. The section provides for the Department and Legislature to hold joint hearings on this issue by September 1, 1999.

22. *Strategy to Capture Additional Federal Transit Funds*

The Legislature added new section 728 to require the Department to work with public transit providers to determine the availability of additional federal transit funds and to develop a strategy to obtain those funds — including through the use of bonding.

23. *Local Bus Operating: Unreserved CTF Fund Balance*

The Legislature added new section 729 to define and provide conditions for the new \$6 million “Local bus operating: Unreserved CTF fund balance” line item in Section 115 of Part 1. The section indicates that the line item may be expended only if the Department, the House and Senate fiscal agencies, and the Department of Management and Budget conclude that there is sufficient funding in the Comprehensive Transportation Fund (CTF) to support the appropriation. The section also requires that the line item be appropriated in accordance with 1951 PA 51.

24. *State Owned Aircraft*

The Legislature added new section 804 to require that the Department and the Departments of State Police, Natural Resources, and Military Affairs develop plans for the maintenance, scheduling, and use of all state-owned, non-combat aircraft and to require that the Department prepare a joint report on the development and implementation of the plans. The section indicates legislative intent that plans maximize the cost efficient use of the state air fleet.

25. *Airport Management Program*

The Legislature added a new line item in section 113 of Part 1 for this program. New section 805 defines this line item as a one-time appropriation to be used to establish a two-year program with Western Michigan University as the fixed base operator of the Romeo airport in Macomb county. The section also requires the university to provide funding for an academic internship program in airport management at the airport.

Transportation

VETOES: FY 1999-2000

1. US 131 - Pilot Project

The Governor vetoed section 336 in the enrolled bill which earmarked \$2 million for a two-year pilot project to improve the traffic flow on US 131 — \$1.75 million to mitigate traffic congestion caused by the closure of US 131 in Grand Rapids (the “S curve” project), and \$250,000 for the intersection of US 131, BR 131, and M 20 in Big Rapids. The veto reduces the appropriation to the State Trunkline Federal Aid and Road and Bridge Construction line item by \$2 million.

Gross **\$2,000,000**
GF/GP **\$0**

2. Federal Aid for Local Bridges

The Governor vetoed the last sentence of section 402, subsection (4) which stated: “Thirty percent of all federal aid bridge funds shall be allocated to the critical bridge fund for the purpose of repairing or replacing bridges in the local off-system categories and local on-system categories.” The veto reduces the appropriation to the Local Federal Aid Road and Bridge Construction line item by \$15.75 million which represents the difference between the 30% allocation to the critical bridge fund required by the boilerplate section and the 15% minimum allocation to “off-system” bridges required by Title 23, Section 650.413 of the Code of Federal Regulations.

Gross **\$15,750,000**
GF/GP **\$0**

3. US 223 Projects

The Governor vetoed section 604 in the enrolled bill which earmarked funds for passing lanes on US 223 in Lenawee County. The veto reduces the appropriation to the State Trunkline Federal Aid and Road and Bridge Construction line item by \$3.5 million — the estimated amount of the project.

Gross **\$3,500,000**
GF/GP **\$0**

4. Interchange at I-96 Exit 150

The Governor vetoed section 610 which earmarked funds for a full interchange at I-96 Exit 150 (Pleasant Valley road) in Livingston county. The veto reduces the appropriation to the State Trunkline Federal Aid and Road and Bridge Construction line item by \$100,000 — the estimated cost of preliminary engineering work for the project.

Gross **\$100,000**
GF/GP **\$0**

REVENUE INCREASES: FY 1999-2000

None

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

None